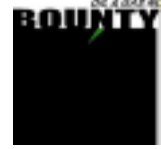




BOUNTY OIL & GAS NL

ABN 82 090 625 353



Report To Shareholders For The Quarter Ended 30 September 2004

ACTIVITY HIGHLIGHTS

Offshore Perth Basin Drilling scheduled for January

553 km of new 2D acquired in the Vulcan sub-Basin

**Permitting Underway for proposed Offshore Sydney
Basin Drilling**

PROJECT	Bounty Interest	Potential Recoverable Reserves	Comments
Offshore Perth Basin	10%	Up to 120 MMBO in place	Up to three wells to be drilled in January 2005 based on new 3D seismic.
Offshore Sydney Basin (Biggus)	25%	1.2 Tcf	Adjacent to Australia's largest gas market. Drilling in mid 2005.

Offshore Perth Basin

Operational scheduling has meant that the proposed drilling program with the Ensco-56 will now take place in January. The Joint Ventures have agreed to drill Hadda (estimated mean recoverable 40 MMbo) and Flying Foam (estimated mean recoverable 21 MMbo). A third prospect, Blue Jacket (estimated mean recoverable 22 MMbo) is currently being considered for drilling as well. An additional 120 km of seismic has been obtained in the Blue Jacket area, and this data is currently being interpreted before a final decision is made.

Offshore Sydney Basin

Processing and interpretation of the Baleen Seismic Survey remains underway. The seismic will be used to define a drilling location for one exploration well (Biggus-1). The well is subject to rig availability and final interpretation of the new seismic, and is presently scheduled for May 2005.

Great South Basin, New Zealand

Processing of 2,000km of new 2D seismic in PEP 38215 has been completed.

Vulcan Sub-Basin

553 km of new 2D seismic acquired and 170 km² of 3D seismic reprocessed in Bounty's two blocks. Up to two wells may be drilled in these permits in 2005, subject to farmin.

REVIEW OF OPERATIONS

Offshore Perth Basin

WA-325-P and WA-327-P (Bounty 10%)

The Ensco 56 rig has been contracted to drill up to three exploration wells in January 2005.

Interpretation of the MaryAnn 2D and Vicki-Angela 3D seismic has been completed and the Joint Ventures have committed to drill the Hadda (WA-325-P) and Flying Foam (WA-327-P) prospects, with estimated mean recoverable reserves of 40 MMbo and 21 MMbo respectively. The WA-325-P Joint Venture is also considering drilling a third prospect, Blue Jacket with estimated mean recoverable reserves of 22 MMbo. An additional 120 km of seismic (the Fiona survey) has recently been acquired in WA-325-P to allow the Joint Venture to make a final decision regarding the well.

The WA-325-P and WA-327-P Joint Ventures are comprised of Bounty Oil & Gas NL (10%), Roc Oil (WA) Pty Ltd (37.5% and operator), Apache Energy Ltd (37.5%), Voyager (PB) Ltd (10%) and Wandoo Petroleum Pty Ltd (5%).

Offshore Sydney Basin

PEP-11 (Bounty 75% and Operator)

Processing of new seismic is still underway. The seismic will be used to define a drilling location for one exploration well (Biggus-1).

Rig availability pushed planned drilling back to May 2005. Permitting, including community consultations, is continuing.

The PEP 11 Joint Venture is comprised of Bounty Oil & Gas NL (75%) and Electro Silica Plc (25.0% - earning).

Vulcan sub-Basin

AC/P25 (Bounty 5%)

The 425km Rufus 2D seismic survey in AC/P 25 was completed in August. Processing is underway.

The AC/P25 Joint Venture is comprised of Bounty Oil & Gas NL (5%) and Hardman Resources Limited (95%).

AC/P32 (Bounty 26%)

The 120 km Lara 2D seismic survey was completed in August 2004. Processing and interpretation of this data and the newly reprocessed Onnia 3D data is complete and is being integrated with the existing data.

The AC/P 32 Joint Venture is comprised of Bounty Oil & Gas NL (26%), OPIC (25.0%), Westranch Holdings Pty Ltd (49% and operator).

Great South Basin, New Zealand

PEP 38215 (Bounty 26.25% and Operator)

Processing of 2,000km of 2D seismic in PEP 38215 is complete.

Discussions are underway with Crown Minerals regarding an extension to the time allowed to complete our mapping and to drill in the permit (it is unlikely a suitable rig can be mobilised into the permit area until late 2005).

Bounty has commenced sourcing of a rig to drill in this permit. Letters of Inquiry have been sent to the rig contractors.

The PEP 38215 Joint Venture is comprised of Bounty Oil & Gas NL (26.25%), Hardman Resources Pty Ltd (41.25%), Albatross Energy Pty Ltd (7.5%) and Electro Silica (25% - earning).

Bonaparte Basin

WA-324-P (Bounty 100% and Operator)

Reprocessing of an additional 320 km of seismic data has been completed. Interpretation and remapping of this data plus another 1325 km of existing 2D seismic recently purchased by Bounty has been completed, with a number of attractive prospects matured.

Onshore Carnarvon Basin

EP 412 (Bounty 65%)

The EP 412 Joint Venture has applied for a renewal of EP 412. Following discussions, Bounty is awaiting a revised proposal from Rough Range Oil Pty Ltd on how Rough Range Oil will fulfil its commitment to Bounty to drill a well in the permit.

The EP 412 Joint Venture is comprised of Bounty Oil & Gas NL (65%) and Rough Range Oil Pty Ltd (35% and operator).

Offshore Tanzania

Nyuni Block (Bounty 10%)

The Joint Venture is currently reviewing the results of the Nyuni-1 well and incorporating the new data into the existing models.

The Nyuni-1/1A well was suspended on 11 May 2004 after recurring mechanical failures of testing equipment.

The well had been drilled to a depth of 3905m and had consistent shows of oil and gas in the Lower Cretaceous and Upper Jurassic Formations. The testing program was terminated after it was determined that recurring equipment problems were unlikely to be resolved.

At the time of suspension, the testing program had not provided conclusive results and no fluid samples had been taken in below 3406m (samples were programmed to a depth of 3886m).

The drilling program was successful in establishing the presence of oil in the region and also demonstrated that reservoir quality rock is present down to 3900m – deeper than originally envisaged. Prior to any further drilling, the Joint Venture will conduct a detailed review of the license area, integrating the information derived from Nyuni-1/1A. It is likely that reprocessing and/or acquiring new seismic data will be undertaken.

Following the Nyuni well, the Government of Tanzania agreed to deem the Nyuni-1/1A well as having satisfied the work obligation for the first exploration phase of the Nyuni license. The Joint Venture has been given until 30 November 2004 to finalise a work program and complete its re-appraisal of the licence.

BOUNTY OIL & GAS NL

TOM FONTAINE MANAGING DIRECTOR

Note: In accordance with Australian Stock Exchange Limited listing requirements, the geological information supplies in this report has been based on information provided by geologists who have had in excess of five years experience in their field of activity.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

BOUNTY OIL & GAS NL

ABN

82 090 625 353

Quarter ended ("current quarter")

30 September 2004

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (..3... months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for:		
(a) exploration and evaluation	(576)	(576)
(b) development	-	-
(c) production	-	-
(d) administration	(157)	(157)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	10	10
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)		
Net Operating Cash Flows	(723)	(723)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	-	-
1.13 Total operating and investing cash flows (carried forward)	(723)	(723)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(723)	(723)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Share issue costs	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(723)	(723)
1.20	Cash at beginning of quarter/year to date	1,219	1,219
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	496	496

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	65
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Consulting fees paid to Directors and related entities

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

-

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

-

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	200
4.2 Development	-
Total	200

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	274	1,000
5.2 Deposits at call	222	219
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	496	1,219

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	-	-	-
6.2	Interests in mining tenements acquired or increased	-	-	-

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>	-	-	-	-
7.2 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through returns of capital, buy-backs, redemptions			-	-
7.3 +Ordinary securities	106,382,883	106,382,883	-	-
7.4 Changes during quarter				
(a) Increases through issues				
(b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>	-	-	-	-
7.6 Changes during quarter	-	-	-	-
(a) Increases through issues				
(b) Decreases through securities matured, converted				
7.7 Options			<i>Exercise price</i>	<i>Expiry date</i>
Unlisted	3,400,000	-	20 cents	01/09/08
Unlisted	300,000	-	20 cents	30/11/04
Unlisted	7,000,000	-	30 cents	30/11/05
7.8 Issued during quarter	-	-		
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>	-	-		
7.12 Unsecured notes <i>(totals only)</i>	-	-		

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Gary Steinepreis
Company Secretary
October 2004

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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